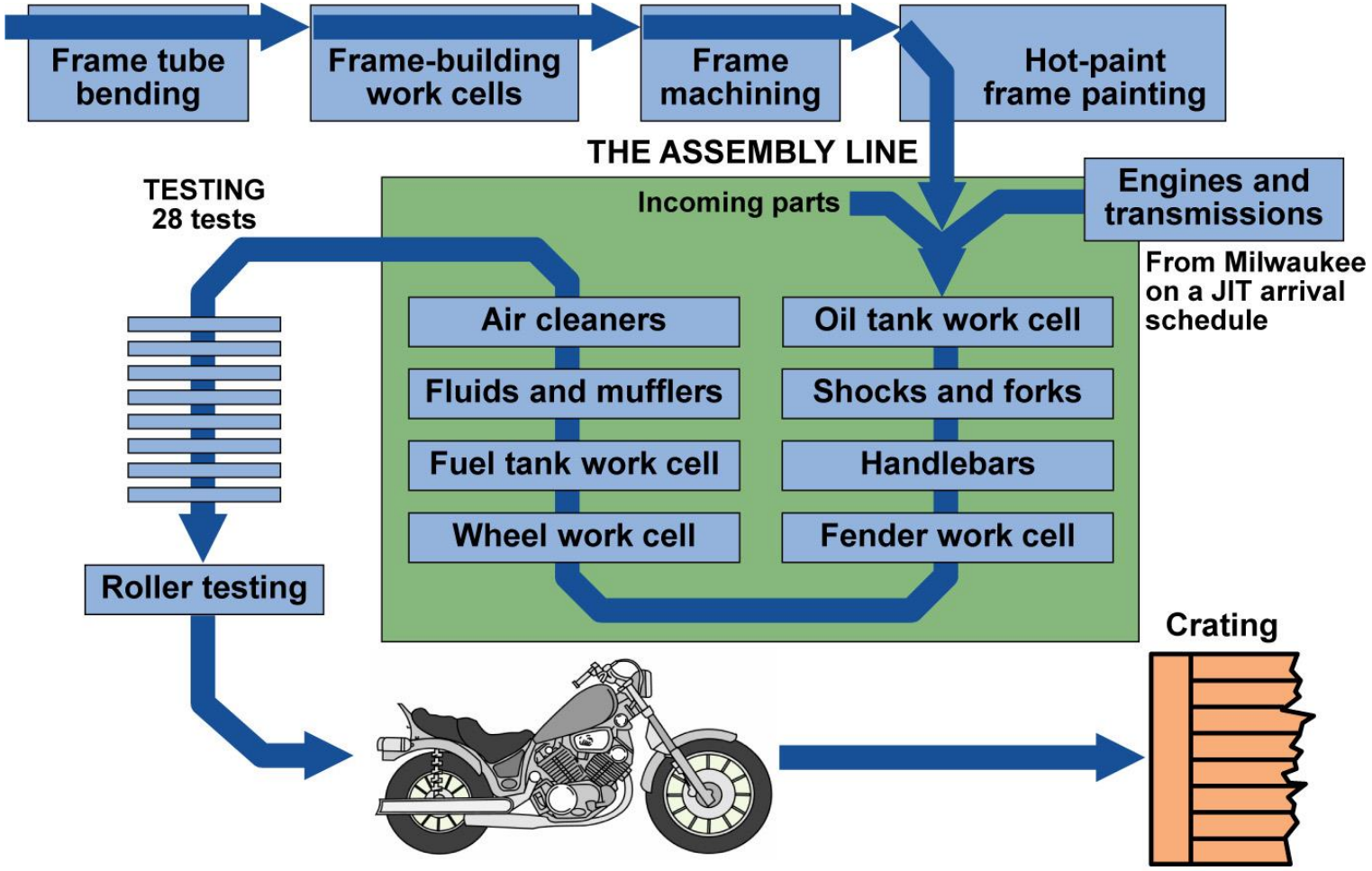
Process Strategy

Process Strategy:

- determining the form and function of how goods or services are produced
- an operational approach to transforming resources into goods and services



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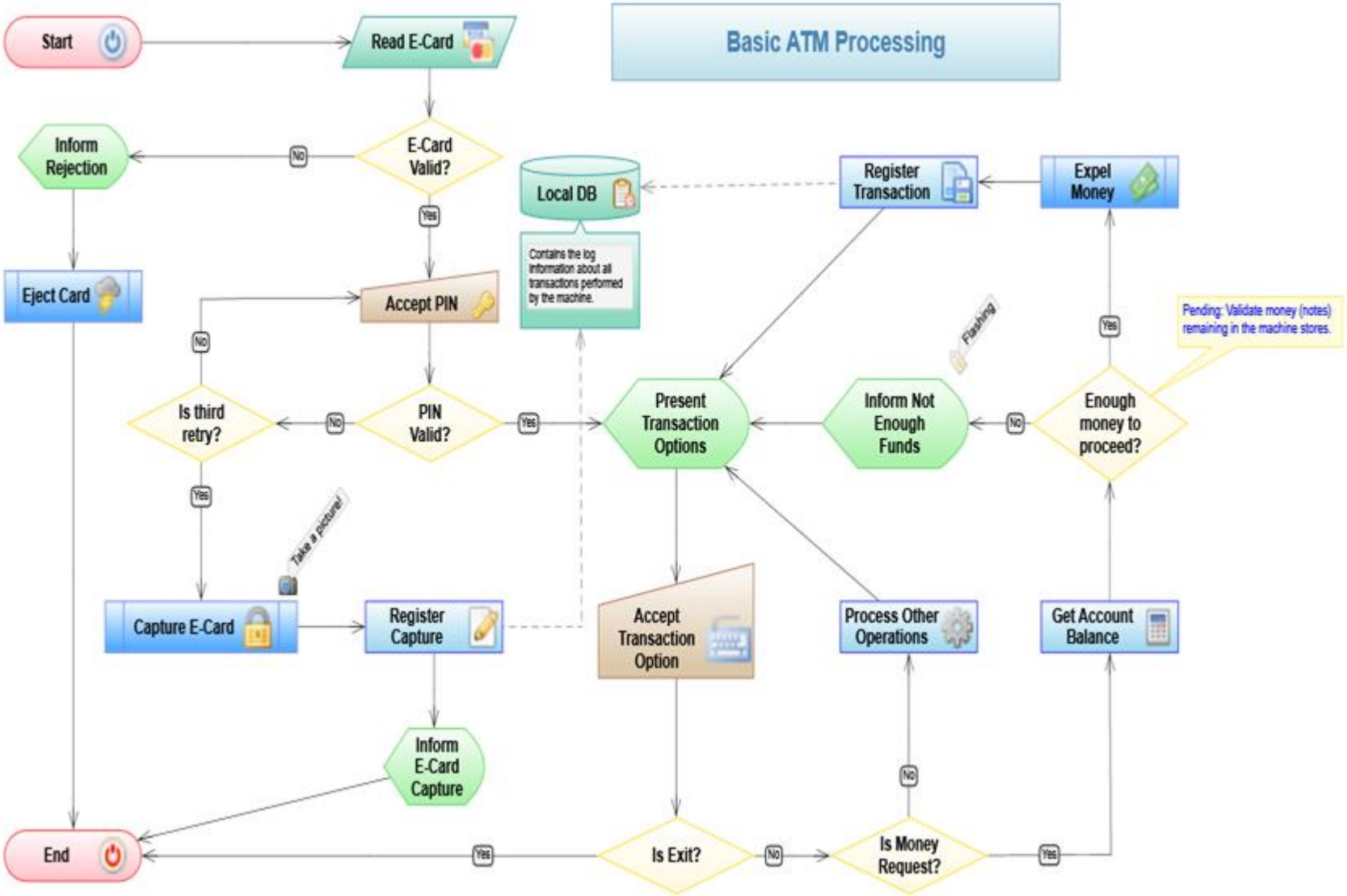
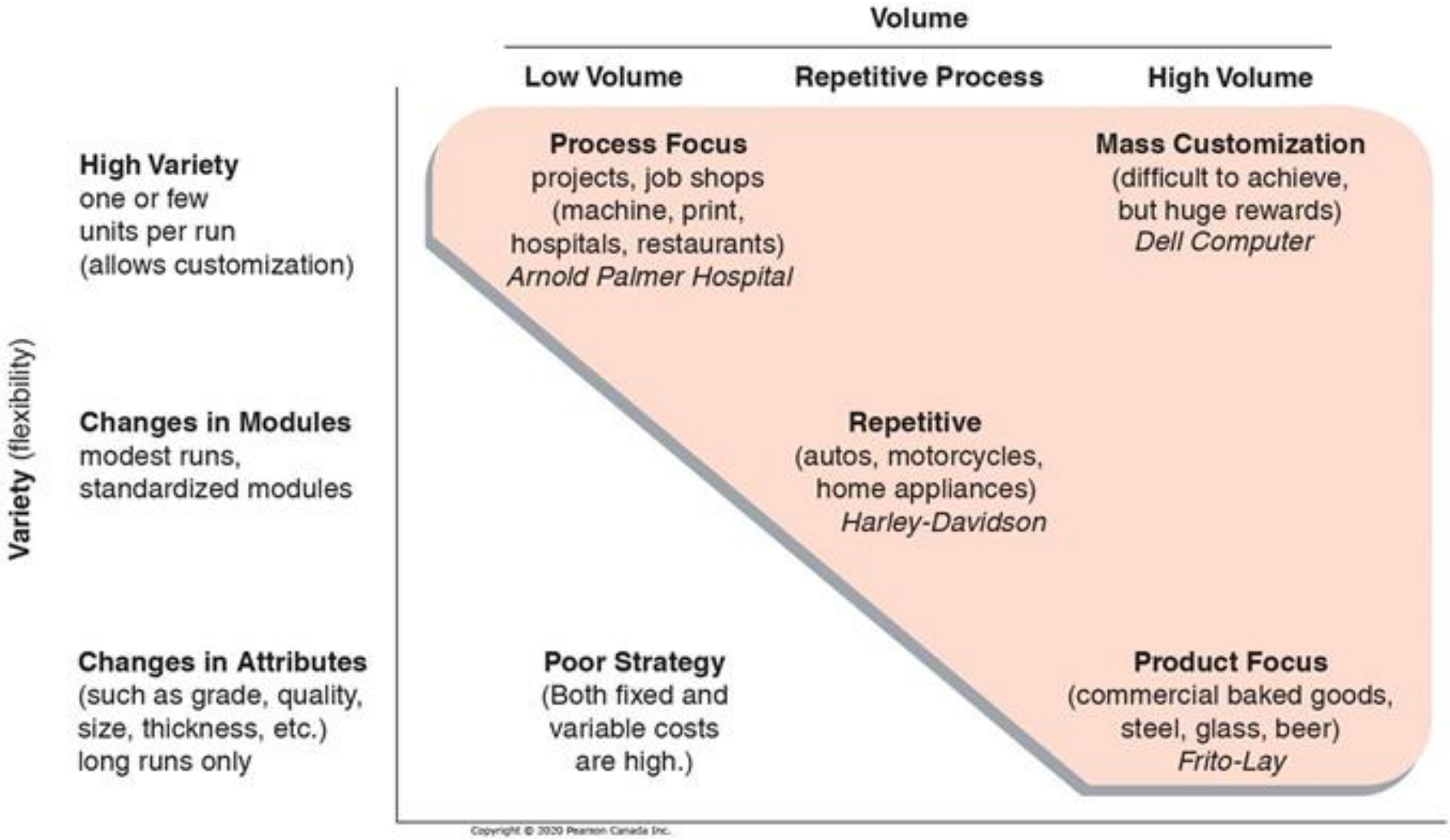

Basic ATM Processing
Start
Read E-Card
E-Card Valid?
No
Inform Rejection
Yes
Eject Card
Accept PIN
Local DB
Contains the log information about all transactions performed by the machine.
Register Transaction
Expel Money
No
Is third retry?
No
PIN Valid?
Yes
Present Transaction Options
Flashing
Inform Not Enough Funds
No
Enough money to proceed?
Yes
Pending: Validate money (notes) remaining in the machine stores.
Yes
Take a picture!
Capture E-Card
Register Capture
Accept Transaction Option
Process Other Operations
Get Account Balance
Inform E-Card Capture
No
End
Yes
Is Exit?
No
Is Money Request?
Yes

Topic Exploration

Process Strategies
1. Explain each of the 'four process strategies.'
2. What is a 'service blueprint?' Explain how it is used.

1. Explain each of the 'four process strategies.'

Process, Volume, and Variety



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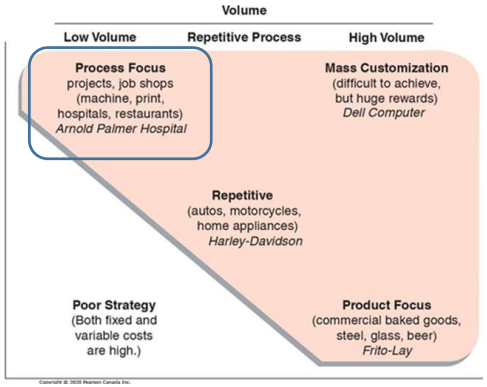
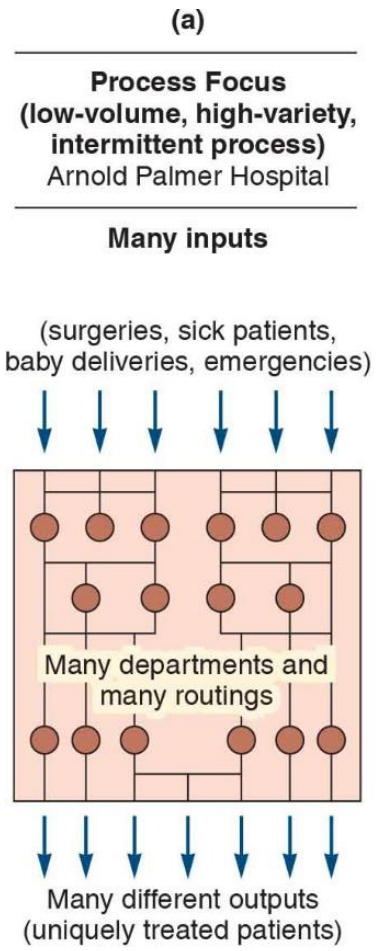
Process Focus

- High degree of product flexibility
- Every customer can receive a unique good/service
- Facilities are organized around specific activities or processes
- General purpose equipment and skilled personnel
- Facilities are organized by processes
- Typically high costs and low equipment utilization
- Product flows may vary considerably resulting in planning and scheduling challenges





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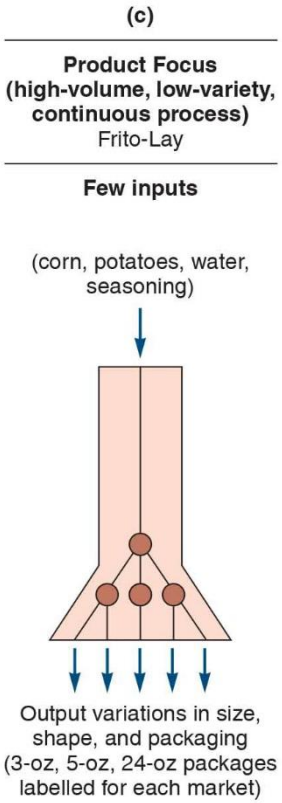
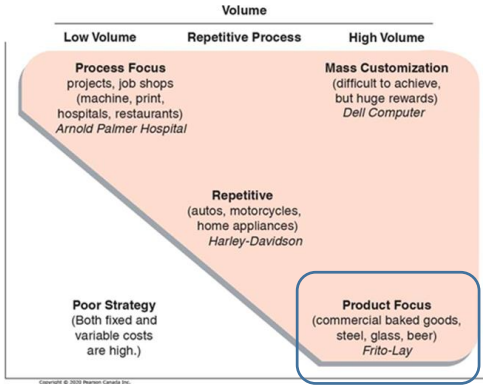
Product Focus

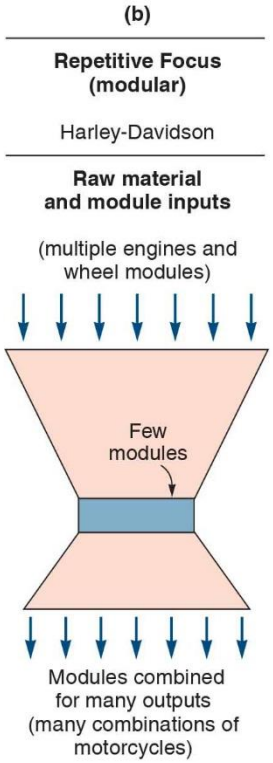
- Long, continuous production runs enable efficient processes
- No customization potential – customer selects from available services/products
- Typically high fixed cost but low variable cost
- Facilities are organized by product
- High volume but low variety of products
- Generally less skilled labor





Repetitive Focus

- Less flexibility than process-focused facilities but more efficient
- Facilities often organized as assembly lines
- Characterized by modules with parts and assemblies made previously
- Modules may be combined for many output options



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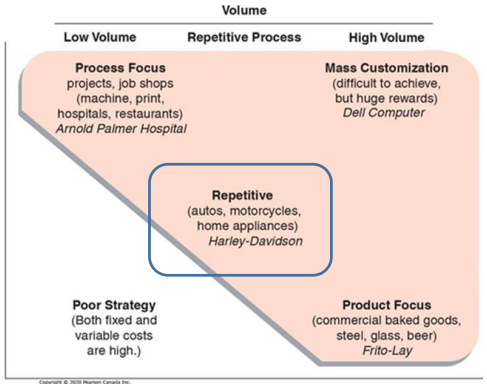
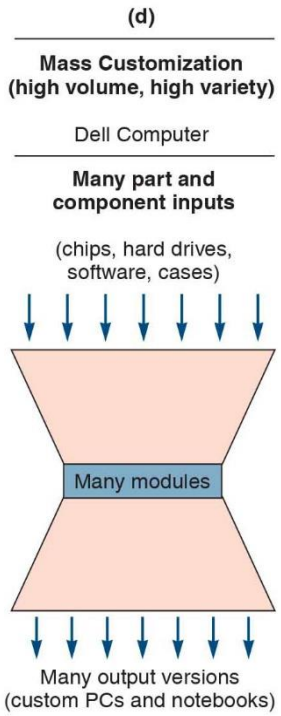
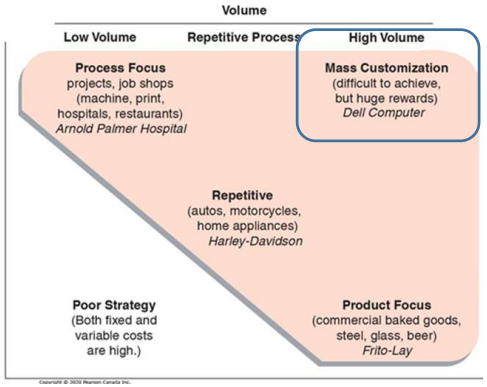


Mass Customization

- The rapid, low-cost production of goods and service to satisfy increasingly unique customer desires
- Difficult to execute – requires fast product design, rapid process design, tightly controlled inventory management, responsive supply chain partners
- Combines the flexibility of a process focus with the efficiency of a product focus





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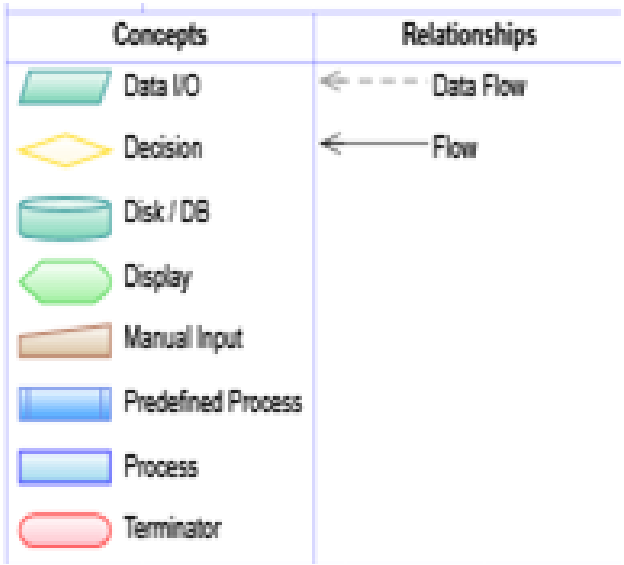
2. What is a 'service blueprint?' Explain how it is used.

Service Blueprinting

- Map of customer and provider interaction
- Defines ‘three’ levels of interaction
- Identifies potential failure points



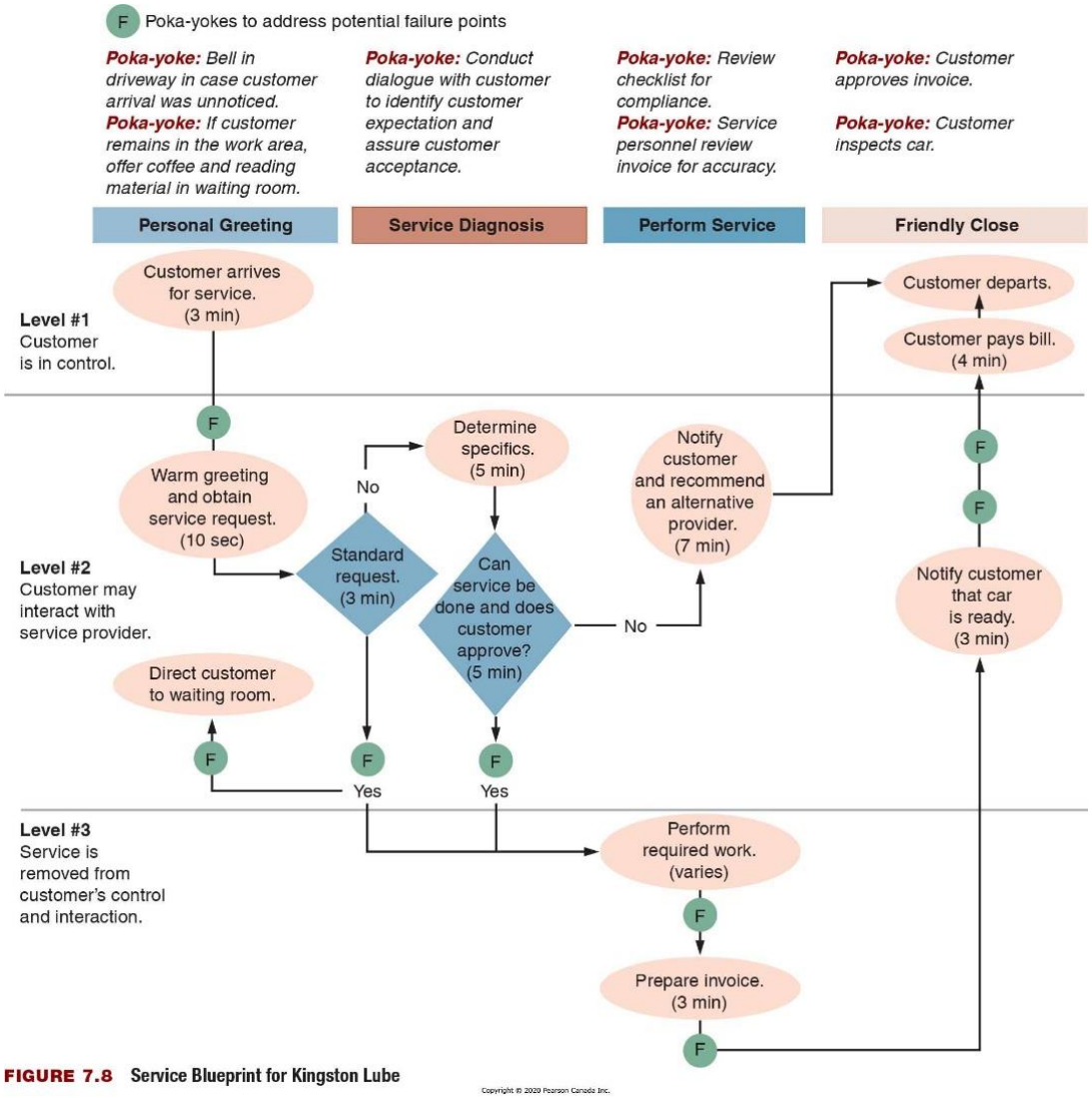

F Poka-yokes to address potential failure points
Poka-yoke: Bell in driveway in case customer arrival was unnoticed.
Poka-yoke: If customer remains in the work area, offer coffee and reading material in waiting room.
Poka-yoke: Conduct dialogue with customer to identify customer expectation and assure customer acceptance.
Poka-yoke: Review checklist for compliance.
Poka-yoke: Service personnel review invoice for accuracy.
Poka-yoke: Customer approves invoice.
Poka-yoke: Customer inspects car.
Personal Greeting
Service Diagnosis
Perform Service
Friendly Close
Level #1
Customer is in control.
Customer arrives for service. (3 min)
Warm greeting and obtain service request. (10 sec)
Level #2
Customer may interact with service provider.
Standard request. (3 min)
No
Determine specifics. (5 min)
Can service be done and does customer approve? (5 min)
No
Notify customer and recommend an alternative provider. (7 min)
Direct customer to waiting room.
Yes
Yes
Level #3
Service is removed from customer's control and interaction.
Perform required work. (varies)
Prepare invoice. (3 min)
Customer departs.
Customer pays bill. (4 min)
Notify customer that car is ready. (3 min)
F

FIGURE 7.8 Service Blueprint for Kingston Lube

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